

Message Text

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ORIGIN ARA-20

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DRAFTED BY ARA:NC:TWSONANDRES

APPROVED BY ARA:NC - MR. JOHNSON

ARA:PAF - MR. FIMBRES (PHONE)

EB - MR. MARTIN (PHONE)

S/PRS - MR. KING

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FM SECSTATE WASHDC

TO AMEMBASSY CARACAS IMMEDIATE

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E.O. 11652: N/A

TAGS: ENRG, VE

SUBJECT: PRESS GUIDANCE ON FEA STUDY BY MR. KRUEGER

1. FOR YOUR INFORMATION, FOLLOWING WAS PREPARED FOR THE
AUGUST 19 AND AUGUST 20 NOON PRESS BRIEFINGS ON AN IF
ASKED BASIS, BUT NO QUESTIONS WERE ASKED:

POSSIBLE QUESTION: DID AMBASSADOR MCCLINTOCK DISCUSS THE
KRUEGER STUDY WITH OIL COMPANY OFFICIALS IN VENEZUELA?

SUGGESTED RESPONSE: AMBASSADOR MCCLINTOCK DID DISCUSS THE
STUDY IN GENERAL TERMS WITH OIL COMPANY EXECUTIVES IN
CARACAS WHO EXPRESSED THEIR CONCERN AT THE ADVERSE REACTION
WHICH KRUEGER'S ACTIVITIES COULD HAVE IN VENEZUELA AND THE
POSSIBLE IMPACT ON THE CLIMATE FOR THE REVERSION NEGOTI-
ATIONS. HOWEVER, THAT WAS NOT KNOWN TO STATE AND FEA
OFFICIALS WHEN THE DECISION WAS MADE THAT KRUEGER SHOULD
NOT GO AHEAD WITH HIS PROGRAM OF DISCUSSIONS. NOR WAS THE
ATTITUDE OF THE COMPANIES MADE KNOWN IN ANY OTHER WAY TO
STATE AND FEA.

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POSSIBLE QUESTION: WHY IS THE STATE DEPARTMENT OPPOSED TO EXAMINING THE WORK OF THE MULTINATIONAL OIL CORPORATIONS OUTSIDE THE UNITED STATES?

SUGGESTED RESPONSE: BOTH THE FEA AND STATE ARE AGREED THAT

THE MAJOR PORTION OF THE WORK INVOLVED IN THIS STUDY SHOULD BE DONE IN THE US. MUCH OF THE DATA REQUIRED IS OF COURSE AVAILABLE HERE. SOME WORK WILL HAVE TO BE DONE ABROAD. FEA AND STATE HAVE WORKED OUT WHAT WE BELIEVE ARE SATISFACTORY PROCEDURES FOR CARRYING OUT THE FOREIGN RESEARCH THAT WILL BE REQUIRED, INCLUDING USE OF EMBASSY REPORTING AND THE NORMAL COORDINATION WITH THE EMBASSY IN MAKING CONTACTS.

POSSIBLE QUESTION: WHY WOULD THE STATE DEPARTMENT PUT LIMITATIONS ON A PERSON, REQUIRING THAT THEY HAVE PRIOR APPROVAL BEFORE APPROACHING ANYONE?

SUGGESTED RESPONSE: THIS IS STANDARD OPERATING PROCEDURE FOR US OFFICIALS GOING ABROAD; THE US CHIEF OF MISSION IS RESPONSIBLE FOR ALL CONTACTS OF US OFFICIALS WITH HIS HOST GOVERNMENT.

POSSIBLE QUESTION: UNDER WHAT AUTHORITY DID STATE PUT LIMITS ON RESEARCH THAT COULD BE DONE ABROAD?

SUGGESTED RESPONSE: THERE ARE PROCEDURES ESTABLISHED UNDER PRESIDENTIAL DIRECTIVES FOR REVIEWING ALL RESEARCH CONTRACTS THAT MIGHT IMPINGE ON CONDUCT OF FOREIGN RELATIONS.

THE FIRST PHASE OF THE FEA STUDY WAS NOT SUBMITTED TO THIS FORMAL REVIEW MECHANISM AND IT HAS GONE FORWARD. STATE HAS ACTED TO ESTABLISH CONDITIONS FOR THE SECOND PHASE, CONDITIONS THAT WE WOULD APPLY TO ANY CONTRACT WITH FOREIGN GOVERNMENTS BY INDEPENDENT CONTRACTORS WORKING FOR GOVERNMENT AGENCIES. THE AMBASSADOR AND THE EMBASSY MUST, OF COURSE, HAVE KNOWLEDGE AND CONTROL OVER THE ACTIVITIES OF OFFICIALS OPERATING UNDER GOVERNMENT LIMITED OFFICIAL USE

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CONTRACTS, PARTICULARLY WHEN CONTACT WITH HIGH LEVEL FOREIGN OFFICIALS IS INVOLVED.

POSSIBLE QUESTION: DID AMBASSADOR MCCLINTOCK'S DISCUSSION WITH OIL COMPANY OFFICIALS RESULT IN HIS RECOMMENDATION THAT KRUEGER TERMINATE HIS RESEARCH IN VENEZUELA?

SUGGESTED RESPONSE: AMBASSADOR MCCLINTOCK'S DECISION TO

RECOMMEND THAT KRUEGER SUSPEND HIS RESEARCH ACTIVITIES IN VENEZUELA WAS BASED ON HIS OVERALL ASSESSMENT OF THE SITUATION INCLUDING THE POSSIBLE IMPACT ON THE DELICATE NEGOTIATIONS BETWEEN THE VENEZUELAN GOVERNMENT AND THE COMPANIES. RELEVANT WASHINGTON OFFICIALS, INCLUDING FEA, PARTICIPATED IN AND AGREED WITH THE DECISION NOT TO

GO AHEAD WITH KRUEGER'S PROGRAM OF DISCUSSIONS WITH THE VENEZUELAN GOVERNMENT.

POSSIBLE QUESTION: DOES THE DEPARTMENT INTEND TO CALL AMBASSADOR MCCLINTOCK BACK TO ANSWER QUESTIONS ON THE KRUEGER AFFAIR AS HAS BEEN SUGGESTED BY A MEMBER OF CONGRESS (CONGRESSMAN GUNTER)?

SUGGESTED RESPONSE: WE HAVE NOT, TO MY KNOWLEDGE, YET RECEIVED A CONGRESSIONAL REQUEST TO QUESTION THE AMBASSADOR. NOT HAVING RECEIVED A SPECIFIC REQUEST, WE CANNOT RESPOND FULLY TO YOUR QUESTION. BUT AS A MATTER OF PRINCIPLE WE ARE PREPARED TO COOPERATE FULLY WITH THE CONGRESS IN ALL MATTERS SUCH AS THIS.

POSSIBLE QUESTION: IS IT TRUE THAT THE EMBASSY IN CARACAS LEAKED TO THE OIL COMPANIES COPIES OF DOCUMENTS PERTAINING TO THE KRUEGER OIL STUDY?

SUGGESTED RESPONSE: THAT IS NOT TRUE. MR. KRUEGER, HIMSELF, FURNISHED THE MATERIALS RELATED TO HIS STUDY DIRECTLY TO THE OIL COMPANIES. THE MATERIAL WAS PROVIDED DURING HIS MEETINGS WITH SENIOR COMPANY OFFICIALS WHICH HAD BEEN ARRANGED BY THE EMBASSY FOR KRUEGER. INGERSOLL

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